

PERAC AUDIT REPORT



Barnstable County Contributory Retirement System



JAN. 1, 2002 - DEC. 31, 2004



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PERAC

COMMONWEALTH OF MASSACHUSETTS | PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION

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JOSEPH E. CONNARTON, *Executive Director*

May 23, 2007

The Public Employee Retirement Administration Commission has completed an examination of the **Barnstable County** Retirement System pursuant to G.L. c. 32, s. 21. The examination covered the period from January 1, **2002** to December 31, **2004**. This audit was conducted in accordance with the accounting and management standards established by the Public Employee Retirement Administration Commission in regulation 840 CMR 25.00. Additionally, all supplementary regulations approved by PERAC and on file at PERAC are listed in Note 3 of this report.

In our opinion, the financial records and management functions are being performed in conformity with the standards established by the Public Employee Retirement Administration Commission with the exception of those noted in the findings presented in this report.

In closing, I acknowledge the work of examiners Mary Dundas and Martin Feeney who conducted this examination and express appreciation to the Board of Retirement and staff for their courtesy and cooperation.

Sincerely,



Joseph E. Connarton
Executive Director



Barnstable County Retirement System

EXPLANATION OF FINDINGS AND RECOMMENDATIONS

FOR THE THREE-YEAR PERIOD ENDED DECEMBER 31, 2004

1. Cash Reconciliation:

At the end of the audit period, the System had three checks outstanding for more than six months. These checks totaled just over \$500 and were still outstanding on recent bank reconciliations.

Recommendation:

Any checks older than six months should be researched, so that the proper voiding and recording of these items can be completed.

Board Response:

All outstanding checks are reviewed on a monthly basis. After more than 60 days, a notice is sent to the recipient to verify if they still have the check or if it has been lost. After receipt of a response, the check is either cashed or replaced. Please note that the checking account reconciliation for December 31, 2004 indicates that the three (3) checks in question had been voided and replaced with a new check.

With regard to [Name Deleted].....our office had been working with her and her family to deposit all of the outstanding checks. All but one of the checks had been deposited by January 31, 2005 with the one remaining check being reissued because it was misplaced.

This information has been previously provided. The staff has been addressing this issue through existing office procedures. The action taken by staff is based upon existing procedures and exceeds the proposed recommendation.

2. Board Expenses:

- a. A review of Retirement System expenses paid over the three-year period 2002-2004 indicated that travel, maintenance, rent, insurance, and consultant fees are being charged to incorrect expense account numbers; primarily Administrative Expenses #5589. In some cases, the same expenses are being charged to Administrative Expense and, in other cases, the same expense is charged to the correct account.
- b. There was one instance where it was determined that a Board member was reimbursed for the expense of a spouse.

Recommendation:

- a. Expenses should be charged to the correct accounts on a consistent basis. This will allow the Retirement System to determine more accurately the various costs associated with the operations of the System.

Barnstable County Retirement System

EXPLANATION OF FINDINGS AND RECOMMENDATIONS (Continued)

FOR THE THREE-YEAR PERIOD ENDED DECEMBER 31, 2004

- b. The Board should institute controls that will prohibit personal expenses from being reimbursed. The Board must be reimbursed for the aforementioned spousal expense.

Board Response:

- a. It was noted at the close of 2004 that there were different GL#'s for Rent, Fiduciary Insurance and Service Contracts. The assigned PERAC General Ledger #'s replaced our sub-account entry numbers:

#5310 – Fiduciary Insurance replaced our sub-account #5598-08

#5311 – Service Contracts replaced our sub-account #5589-03

#5512 – Rent replaced our sub-account #5589-12

The most efficient manner to switch to the new GL#'s was to start using them as of January 1, 2005. The charges have been moved to the appropriate PERAC GL#'s. Please note that the auditors were provided with the detailed Barnstable County Retirement Association Expense Fund. A copy of the most recent Expense Fund Budget is enclosed herewith as Exhibit "A". The Expense Fund Budget has more detail than the standard PERAC GL#'s.

The recommendation is a general statement which does not apply to the circumstance at Barnstable County Retirement Association. We consistently track and account for all expenses in greater detail than provided for under the PERAC assigned GL#'s. The Barnstable County Retirement Association has the detail and has an accurate method to account for all expenses.

- b. The record should reflect the dollar amount of the expense charged for a Board member's spouse. The charge was \$50.00. A copy of which is enclosed as Exhibit "B". The Board member has already reimbursed the System for the charge; it was an unintended oversight.

3. Membership:

- a. As reported in the last audit, the Board does not receive adequate information with which to ascertain the accuracy of members' deductions. Unit deduction reports lack fundamental detail as to what pay categories are considered subject or not subject to retirement deductions and are insufficient to determine that contributions are only taken from regular compensation.
- b. As in the last audit, there too were members in this sample who were not having the additional 2% deduction correctly withheld from income over \$30,000 per year, pro-rated on a per payroll basis. Several units had errors such as: no 2% being withheld from members; 2% plus four or five extra cents being withheld from members; fixed amounts being

Barnstable County Retirement System

EXPLANATION OF FINDINGS AND RECOMMENDATIONS (Continued)

FOR THE THREE-YEAR PERIOD ENDED DECEMBER 31, 2004

withheld from members, regardless of earnings... The Board's annual review of members with compensation over \$30,000 did not reveal these errors.

Recommendation:

- a. The Board must initiate a system of obtaining detailed payroll information from each unit, which includes the following member information:
 - 1. Name,
 - 2. Social Security or employee number,
 - 3. Membership date,
 - 4. Contribution rate,
 - 5. Compensation by type: total, regular, overtime, other,
 - 6. Regular and 2% incremental deductions,
 - 7. Any other information deemed appropriate.

This data must be routinely reviewed by the Board to ensure that proper deductions are being withheld.

An assessment of the various pay categories should be performed in conjunction with payroll personnel from each department to further ensure that the appropriate pay types are considered regular compensation.

- b. According to G.L. c. 32, § 22(1)(b1/2), 840 CMR 8.03, and PERAC Memos #12/1996 and #43/1999, all members who enter the system after January 1, 1979, and whose rate of pay on any given pay period exceeds an annualized rate of \$30,000, are subject to the additional 2% withholding. The Board must regularly audit payroll records to verify the accuracy of the additional 2% deductions.

Board Response:

- a. Estimates and final benefit calculations are verified in every detail by the retirement staff. The deductions are reviewed and breakdowns are obtained from the payroll departments when there are questions. The Barnstable County Retirement Association staff understands the importance of accurate information and with our system of checks and balances the calculations are accurate.

Barnstable County Retirement System

EXPLANATION OF FINDINGS AND RECOMMENDATIONS (Continued)

FOR THE THREE-YEAR PERIOD ENDED DECEMBER 31, 2004

Under Recommendation, the payroll information received from our members' units on a monthly basis consist of:

Name
Social Security Number
Contribution Rate
Compensation Received
Regular and 2% Deductions

We partner with our Unit Treasurers and payroll clerks to insure accurate reporting. We review issues, meet with individuals and continuously work to insure that new payroll clerks are aware of the Board's function and responsibilities.

- b. The Barnstable County Retirement Association staff reviews the deduction percentages at many different stages: when a member is enrolled and first appears on a payroll report; at the time a member is issued a membership certificate, which is usually within the first year; and whenever an estimate is provided. Any discrepancies are addressed when noted. For the past two (2) years we have done an annual audit of deductions, with attention to the 2% deductions. Errors are identified and members are sent make-up payment notices along with a notice to the Unit Treasurers notifying them of the error. Most of the errors happen when there are pay increases and the payroll system does not pick it up and when there is a separate check issued for a one time payment, such as longevity pay. Barnstable County Retirement Association works closely with the 47 different payroll departments to insure that it has the most accurate information.

4. Current Retirees:

- a. As reported in the last audit, the Board is calculating the three-year average salary from recorded deduction amounts. Since the Board does not receive detailed payroll information, the deductions cannot be verified and an incorrect average salary may be used in the pension calculation.
- b. The Board erroneously denied a retired veteran benefits under G.L. c. 32, §§ 4(1)(h) and 5(2)(b) because it misinterpreted the definition of "veteran" as defined in G.L. c. 32, § 1 and G.L. c. 4, § 7. The Board believed that ninety days of wartime service were required for "veteran" status when, in fact, ninety days of active duty are required, only one of which must be during "wartime", as defined in G.L. c. 4, § 7.

Barnstable County Retirement System

EXPLANATION OF FINDINGS AND RECOMMENDATIONS (Continued)

FOR THE THREE-YEAR PERIOD ENDED DECEMBER 31, 2004

- c. The Board has granted creditable service for call firefighter time to at least one member who did not qualify under G.L. c. 32, § 4(2). This member was a call firefighter in a town outside Barnstable County. He was never permanently appointed to its fire department nor was he ever a member of its retirement system, as required by the statute. The Executive Director asserted that this has been the Board's policy when other retirement systems prorate call time.

Recommendation:

- a. The Board must receive detailed payroll information in order to ensure proper calculation of average salary.
- b. The Executive Director issued a letter of rectification to the member in question. Because the Board's misinterpretation may have affected additional members in terms of creditable service and/or veteran's allowance, it is recommended that the Executive Director attempt to identify and contact members who received letters, similar to that received by the aforementioned member, stating that their military service time did not qualify them for veteran's benefits.
- c. The Board must recalculate this member's retirement allowance and resubmit it to PERAC with sufficient accompanying information for the actuary to determine its accuracy. The Board must also review its records for additional errors and make corrections as necessary. This may involve contacting those other retirement systems that the Executive Director believes have regularly undercredited call service for clarification of qualified call time. The Board may not grant credit to adjust pro-rated service time so that members receive full-time credit.

Board Response:

- a. As previously stated the final calculation for new retirees is verified in great detail. Any discrepancies are investigated and documented. The 3-year average salary is accurate and is based upon the information maintained by the employer.
- b. Regarding the misinterpretation of veteran's benefits. This was one instance shortly after the legislation was adopted. The confusion had to do with the member's date of entry into the military and the amount of active service he had and the end of wartime service. The member's dates of military service were October 21, 1946 through October 20, 1949, 3 years in total, with 72 days as of December 31, 1946. At the time of first review it was determined that the member did not have 90 days of active service as of December 31, 1946. This was a unique situation which has been re-examined and rectified.

Barnstable County Retirement System

EXPLANATION OF FINDINGS AND RECOMMENDATIONS (Continued)

FOR THE THREE-YEAR PERIOD ENDED DECEMBER 31, 2004

- c. The Board has submitted a lengthy, detailed response to this finding and recommendation, which is available upon request. After reviewing the Board's detailed response, PERAC feels that the finding is correct as written, and the detailed argument supporting our position, is in PERAC's response to Attorney Quirk's letter regarding this finding, which is also available upon request.

5. Board Minutes:

- a. Board minutes are currently being filed in three-ring binders, which could cause some pages to be inadvertently removed.
- b. Board minutes are not always approved on a timely basis.
- c. Trial balances are not always approved on a timely basis.

Recommendation:

- a. Board minutes should be placed in permanently bound books to ensure their integrity.
- b. Board minutes should be approved at the next scheduled Board meeting.
- c. Trial balances should be reviewed by the Board on a more timely basis.

Board Response:

- a. The Minutes will be permanently bound.
- b. The Board will sign the Minutes in a timely manner.
- c. Was the auditor commenting on the time frame in which the Board reviewed the Trial Balance or the time frame in which the Trial Balance was submitted to PERAC? To meet the thirty (30) days from month end submission deadline, the Trial Balance is reviewed by the Board, after it has been submitted to PERAC. If the auditor would like copies of the dated cover letter indicating the submission date to PERAC, we would be glad to provide them.

The Trial Balances are delayed at the beginning of each year due to closing the books and preparation of the annual report. Once the annual report is filed, the monthly Trial Balances are submitted as soon as possible.

Final Determination:

PERAC auditors will follow up in six months to ensure that the appropriate actions have been taken regarding all audit findings.

Barnstable County Retirement System

STATEMENT OF LEDGER ASSETS AND LIABILITIES

**FOR THE THREE-YEAR PERIOD BEGINNING JANUARY 1, 2002
AND ENDING DECEMBER 31, 2004**

FOR THE PERIOD ENDING DECEMBER 31,			
ASSETS	2004	2003	2002
Cash	\$11,527,390	\$4,026,724	\$1,474,183
Short Term Investments	0	0	3,000,000
Fixed Income Securities (at book value)	0	0	0
Equities	81,376,880	74,505,380	58,922,810
Pooled Short Term Funds	0	0	0
Mutual or Commingled Real Estate Funds	16,762,722	11,932,490	0
Pooled International Equity Funds	61,255,756	52,418,482	40,366,026
Pooled Global Equity Funds	0	0	0
Treasures Master Trust	102,702,408	97,977,414	89,569,298
Pooled International Fixed Income Funds	0	0	0
Pooled Global Fixed Income Funds	0	0	0
Pooled Alternative Investment Funds	3,454,664	1,455,562	656,279
Pooled Real Estate Funds	18,602,282	16,430,596	15,172,931
Pooled Domestic Balanced Funds	0	0	0
Pooled International Balanced Funds	0	0	0
PRIT Cash Fund	0	0	0
PRIT Core Fund	119,200,427	101,280,767	75,646,331
Interest Due and Accrued	0	0	0
Accounts Receivable	2,322,011	1,414,239	1,294,228
Accounts Payable	<u>1,427,396</u>	<u>250,012</u>	<u>202,613</u>
TOTAL	<u>\$415,777,145</u>	<u>\$361,191,642</u>	<u>\$285,899,472</u>
FUND BALANCES			
Annuity Savings Fund	\$143,016,660	\$133,159,542	\$123,069,421
Annuity Reserve Fund	42,673,393	39,969,879	37,728,506
Pension Fund	17,008,721	17,248,710	18,784,462
Military Service Fund	27,556	17,086	14,037
Expense Fund	0	0	0
Pension Reserve Fund	<u>213,050,814</u>	<u>170,796,424</u>	<u>106,303,046</u>
TOTAL	<u>\$415,777,144</u>	<u>\$361,191,642</u>	<u>\$285,899,472</u>

Barnstable County Retirement System

STATEMENT OF CHANGES IN FUND BALANCES

**FOR THE THREE-YEAR PERIOD BEGINNING JANUARY 1, 2002
AND ENDING DECEMBER 31, 2004**

	Annuity Savings Fund	Annuity Reserve Fund	Pension Fund	Military Service Fund	Expense Fund	Pension Reserve Fund	Total All Funds
Beginning Balance (2002)	\$116,510,317	\$31,299,029	\$26,001,298	\$14,973	\$0	\$139,376,833	\$313,202,450
Receipts	18,545,092	950,690	15,810,470	207	2,078,790	(33,336,169)	\$4,049,080
Interfund Transfers	(9,398,355)	9,154,090	(16,974)	(1,143)	0	262,382	(\$0)
Disbursements	(2,587,632)	(3,675,303)	(23,010,332)	0	(2,078,790)	0	(\$31,352,058)
Ending Balance (2002)	123,069,421	37,728,506	18,784,462	14,037	0	106,303,046	\$285,899,472
Receipts	18,414,591	1,137,433	24,515,748	3,049	1,962,980	64,495,706	\$110,529,506
Interfund Transfers	(5,440,263)	5,445,948	(3,357)	0	0	(2,328)	(\$0)
Disbursements	(2,884,206)	(4,342,008)	(26,048,142)	0	(1,962,980)	0	(\$35,237,336)
Ending Balance (2003)	<u>\$133,159,542</u>	<u>\$39,969,879</u>	<u>\$17,248,710</u>	<u>\$17,086</u>	<u>\$0</u>	<u>\$170,796,424</u>	\$361,191,642
Receipts	19,357,022	1,232,847	28,636,270	13,924	2,366,806	42,273,069	\$93,879,939
Interfund Transfers	(5,952,936)	6,065,634	(90,619)	(3,400)		(18,679)	\$0
Disbursements	(3,546,968)	(4,594,968)	(28,785,640)	(54)	(2,366,806)	0	(\$39,294,436)
Ending Balance (2004)	<u>\$143,016,660</u>	<u>\$42,673,393</u>	<u>\$17,008,721</u>	<u>\$27,556</u>	<u>\$0</u>	<u>\$213,050,814</u>	\$415,777,144

Barnstable County Retirement System

STATEMENT OF RECEIPTS

**FOR THE THREE-YEAR PERIOD BEGINNING JANUARY 1, 2002
AND ENDING DECEMBER 31, 2004**

FOR THE PERIOD ENDING DECEMBER 31,			
	2004	2003	2002
Annuity Savings Fund:			
Members' Deductions	\$17,302,848	\$15,906,243	\$15,052,104
Transfers from Other Systems	792,139	844,695	1,199,148
Member Make-Up Payments and Redeposits	492,461	466,742	712,748
Investment Income Credited to Member Accounts	769,574	1,196,911	1,581,092
Sub Total	<u>19,357,022</u>	<u>18,414,591</u>	<u>18,545,092</u>
Annuity Reserve Fund:			
Investment Income Credited Annuity Reserve Fund	<u>1,232,847</u>	<u>1,137,433</u>	<u>950,690</u>
Pension Fund:			
3 (8)(c) Reimbursements from Other Systems	941,860	789,087	747,992
Received from Commonwealth for COLA and Survivor Benefits	1,611,189	987,163	1,326,338
Pension Fund Appropriation	26,083,220	22,739,497	13,736,140
Sub Total	<u>28,636,270</u>	<u>24,515,748</u>	<u>15,810,470</u>
Military Service Fund:			
Contribution Received from Municipality on Account of Military Service	13,824	2,908	0
Investment Income Credited Military Service Fund	100	140	207
Sub Total	<u>13,924</u>	<u>3,049</u>	<u>207</u>
Expense Fund:			
Expense Fund Appropriation	0	0	0
Investment Income Credited to Expense Fund	2,366,806	1,962,980	2,078,790
Sub Total	<u>2,366,806</u>	<u>1,962,980</u>	<u>2,078,790</u>
Pension Reserve Fund:			
Federal Grant Reimbursement	153,200	113,361	63,541
Pension Reserve Appropriation	5,116,389	2,822,070	1,809,201
Interest Not Refunded	47,188	40,099	50,977
Excess Investment Income	36,956,292	61,520,176	(35,259,888)
Sub Total	<u>42,273,069</u>	<u>64,495,706</u>	<u>(33,336,169)</u>
TOTAL RECEIPTS	<u>\$93,879,939</u>	<u>\$110,529,506</u>	<u>\$4,049,080</u>

Barnstable County Retirement System

STATEMENT OF DISBURSEMENTS

**FOR THE THREE-YEAR PERIOD BEGINNING JANUARY 1, 2002
AND ENDING DECEMBER 31, 2004**

FOR THE PERIOD ENDING DECEMBER 31,			
Annuity Savings Fund:	2004	2003	2002
Refunds to Members	\$2,479,223	\$2,073,705	\$1,865,129
Transfers to other Systems	<u>1,067,745</u>	<u>810,501</u>	<u>722,503</u>
Sub Total	<u>3,546,968</u>	<u>2,884,206</u>	<u>2,587,632</u>
Annuity Reserve Fund:			
Annuities Paid	4,520,428	4,066,540	3,524,851
Option B Refunds	<u>74,540</u>	<u>275,467</u>	<u>150,452</u>
Sub Total	<u>4,594,968</u>	<u>4,342,008</u>	<u>3,675,303</u>
Pension Fund:			
Pensions Paid			
Regular Pension Payments	20,179,934	18,190,735	15,476,175
Survivorship Payments	1,149,720	1,126,534	1,136,978
Ordinary Disability Payments	788,725	729,862	671,232
Accidental Disability Payments	5,402,366	4,858,995	4,649,317
Accidental Death Payments	515,387	464,644	476,790
Section 101 Benefits	167,160	170,106	137,602
3 (8)(c) Reimbursements to Other Systems	582,348	507,267	462,239
State Reimbursable COLA's Paid	0	0	0
Chapter 389 Beneficiary Increase Paid	<u>0</u>	<u>0</u>	<u>0</u>
Sub Total	<u>28,785,640</u>	<u>26,048,142</u>	<u>23,010,332</u>
Military Service Fund:			
Return to Municipality for Members Who Withdrew Their Funds	<u>54</u>	<u>0</u>	<u>0</u>
Expense Fund:			
Board Member Stipend	15,000	15,856	17,483
Salaries	351,128	303,714	289,241
Legal Expenses	58,263	45,115	51,291
Medical Expenses	0	0	0
Travel Expenses	5,825	2,785	2,197
Administrative Expenses	275,138	258,713	243,472
Furniture and Equipment	950	231	19,338
Management Fees	1,573,682	1,253,668	1,359,413
Custodial Fees	15,821	14,426	33,706
Consultant Fees	<u>71,000</u>	<u>68,472</u>	<u>62,649</u>
Sub Total	<u>2,366,806</u>	<u>1,962,980</u>	<u>2,078,790</u>
TOTAL DISBURSEMENTS	<u>\$39,294,436</u>	<u>\$35,237,336</u>	<u>\$31,352,058</u>

Barnstable County Retirement System

INVESTMENT INCOME

**FOR THE THREE-YEAR PERIOD BEGINNING JANUARY 1, 2002
AND ENDING DECEMBER 31, 2004**

	FOR THE PERIOD ENDING DECEMBER 31,		
	2004	2003	2002
Investment Income Received From:			
Cash	93400.8	37208.49	\$65,799
Short Term Investments	47,252	61,649	86,882
Fixed Income		0	0
Equities	1,385,013	981,894	1,194,514
Pooled or Mutual Funds	<u>9,283,003</u>	<u>8,509,289</u>	<u>10,157,648</u>
Commission Recapture	<u>11,023</u>	<u>11,046</u>	<u>12,200</u>
TOTAL INVESTMENT INCOME	<u>10,819,693</u>	<u>9,601,085</u>	<u>11,517,044</u>
Plus:			
Increase in Amortization of Fixed Income Securities	0	0	0
Realized Gains	14,685,927	6,226,276	2,790,943
Unrealized Gains	36,799,488	62,569,986	16,732,159
Interest Due and Accrued on Fixed Income Securities - Current Year	<u>0</u>	<u>0</u>	<u>0</u>
Sub Total	<u>51,485,415</u>	<u>68,796,262</u>	<u>19,523,101</u>
Less:			
Decrease in Amortization of Fixed Income Securities	0	0	0
Paid Accrued Interest on Fixed Income Securities	0	0	0
Realized Loss	1,480,847	2,611,383	26,886,268
Unrealized Loss	19,498,642	9,968,324	34,800,529
Custodial Fees Paid	0	0	0
Consultant Fees Paid	0	0	0
Management Fees Paid	0	0	0
Board Member Stipend	0	0	0
Interest Due and Accrued on Fixed Income Securities - Prior Year	<u>0</u>	<u>0</u>	<u>2,457</u>
Sub Total	<u>20,979,489</u>	<u>12,579,707</u>	<u>61,689,254</u>
NET INVESTMENT INCOME	<u>41,325,619</u>	<u>65,817,641</u>	<u>(30,649,108)</u>
Income Required:			
Annuity Savings Fund	769,574	1,196,911	1,581,092
Annuity Reserve Fund	1,232,847	1,137,433	950,690
Military Service Fund	100	140	207
Expense Fund	<u>2,366,806</u>	<u>1,962,980</u>	<u>2,078,790</u>
TOTAL INCOME REQUIRED	<u>4,369,327</u>	<u>4,297,464</u>	<u>4,610,780</u>
Net Investment Income	<u>41,325,619</u>	<u>65,817,641</u>	<u>(30,649,108)</u>
Less: Total Income Required	<u>4,369,327</u>	<u>4,297,464</u>	<u>4,610,780</u>
EXCESS INCOME TO THE PENSION RESERVE FUND	<u>\$36,956,292</u>	<u>\$61,520,176</u>	<u>(\$35,259,888)</u>

BARNSTABLE COUNTY Retirement System

STATEMENT OF ALLOCATION OF INVESTMENTS OWNED

(percentages by category)

FOR THE THREE-YEAR PERIOD ENDED DECEMBER 31, 2004

	MARKET VALUE	PERCENTAGE OF TOTAL ASSETS	PERCENTAGE ALLOWED*
Cash	\$11,527,390	2.78%	100
Short Term	0	0.00%	100
Fixed Income	0	0.00%	35 - 80
Equities	81,376,880	19.61%	50 *
Mutual or Commingled Real Estate Funds	16,762,722	4.04%	5 **
Pooled International Equity Funds	61,255,756	14.76%	15 *
Treasures Master Trust	102,702,408	24.75%	25
Pooled Alternative Investment Funds	3,454,664	0.83%	5
Pooled Real Estate Funds	18,602,282	4.48%	5 **
PRIT Cash Fund	0	0.00%	
PRIT Core Fund	<u>119,200,427</u>	<u>28.73%</u>	100
GRAND TOTALS	<u>\$414,882,530</u>	<u>100.00%</u>	
* Total Equities not to exceed 65% of portfolio			
** Total Real Estate investments not to exceed 10% of portfolio			

For the year ended December 31, **2004**, the rate of return for the investments of the **Barnstable County Retirement System** was 11.55%. For the five-year period ended December 31, **2004**, the rate of return for the investments of the **Barnstable County Retirement System** averaged 2.84%. For the twenty-year period ended December 31, **2004**, since PERAC began evaluating the returns of the retirement systems, the rate of return of the investments of the **Barnstable County Retirement System** was 8.42%.

Barnstable County Retirement System

SUPPLEMENTARY INVESTMENT REGULATIONS

FOR THE THREE-YEAR PERIOD ENDED DECEMBER 31, 2004

The **Barnstable County** Retirement System submitted the following supplementary investment regulations, which were approved by PERAC on:

July 27, 1989

(1) Real estate investments shall not exceed 10% of the total book value of the portfolio at the time of purchase and shall consist of real estate separate accounts, provided that:

(a) the Board does not participate in the selection of the separate account management and should the Board be required to participate in the selection of the separate account management, prior to any participation by the board, the board shall consult with PERAC to determine the appropriate course of action, and

(b) the separate account management retains authority in the decision making process, and

(c) should an investment in a separate account result in the direct ownership of real estate or mortgage indebtedness, such shall be permitted only until such time as divestiture of said separate account is prudent.

20.04 All investments shall consist of recognized quality marketable securities issued by:

(1) United States based corporations and equities of foreign corporations.

20.07(5) Equity investments shall be made only in securities listed on a United States stock exchange, traded over the counter in the United States, or listed and traded on the exchanges of the following countries: Austria, Belgium, Denmark, Finland, France, Germany, Italy, Netherlands, Norway, Spain, Sweden, Switzerland, United Kingdom, Australia, Hong Kong, Japan, New Zealand, and Singapore/Malaysia.

20.07(6) Sales of equity investments shall not exceed 200% of the average market value of all equity holdings in any twelve-month period.

20.08(e) Cash or cash equivalent investments may be made in the foreign currencies of the countries listed in 20.07(5), however, foreign currency speculation is prohibited.

April 24, 1992

16.02(4) The board may employ a custodian bank and may charge such expenses against earned income from investments provided that such expenses shall not exceed in any one-year .08% of the value of the fund.

February 3, 1994

20.03(2) At least 35% but no more than 80% of the total portfolio valued at market shall consist of fixed income investments with a maturity of more than one year including Yankee Bonds which shall be limited to 10% of the total fixed income portfolio valued at market and including international fixed income investments which shall be limited to 10% of the total fixed income portfolio.

Barnstable County Retirement System

SUPPLEMENTARY INVESTMENT REGULATIONS (Continued)

FOR THE THREE-YEAR PERIOD ENDED DECEMBER 31, 2004

July 20, 1995

18.02(4) **Rate of Return.** A statement of the rate of return objective for the entire portfolio which shall be at least one percent (1%) greater than a composite performance index consisting of fifty percent (50%) of the Standard & Poors SA Free 500 Stock Index and fifty percent (50%) of the Lehman Brothers Aggregate Bond Index, cumulated quarterly.

20.04(6) American Depository Receipts denominated in U.S. currency and listed on a United States stock exchange or traded over the counter in the United States, provided that the total of all such investments shall be considered part of the board's equity asset allocation and shall not exceed 5% of the total market value of the equity portfolio.

November 30, 1995

16.02(3) The Board may incur expenses for investment advice or management of the funds of the system by a qualified investment manager and the Board may incur expenses for consulting services which may include performance measurement, asset allocation services, investment manager searches, and commission recapture searches. Such expenses may be charged against earned income from investments provided that the total of such expenses shall not exceed in any one year:

- (a) 1% of the value of the fund for the first \$5 million; and
- (b) 0.6% of the value of the fund in excess of \$5 million.

August 29, 1996

20.03(1) Equity investments shall not exceed 65% of the portfolio valued at market, including international equities, which shall not exceed 15% of the portfolio valued at market.

October 10, 1996

20.07(1) The issuer of equity securities must have a publicly available operating record of at least five years, including past performance resulting from mergers, acquisitions, and spin-offs. However, up to 5% of the total equity market value may be used to purchase securities with a publicly available operating record of less than five years.

840 CMR 21.00: Prohibited Investments:

(3) Futures Contracts other than as follows:

- (a) Forward Currency Contracts may be written against securities in the international portfolio by an investment advisor registered under the Investment Advisors Acts of 1940 and who has been granted a waiver from PERAC for international investments.

Barnstable County Retirement System

SUPPLEMENTARY INVESTMENT REGULATIONS (Continued)

FOR THE THREE-YEAR PERIOD ENDED DECEMBER 31, 2004

840 CMR 21.00: Prohibited Investments (continued):

- (b) Forward Currency Contracts may be written against securities in the international portfolio to a maximum of twenty-five percent (25%) of the international portfolio's non-dollar holdings at market value. Speculative currency positions unrelated to the underlying portfolio holdings are strictly prohibited.

November 3, 1997

- 20.06(2) Bonds shall have a minimum quality rating of Baa or equivalent as rated by one or more recognized bond rating services, however, 15% of the market value of fixed income investments may be invested in bonds with a quality rating of below Baa or equivalent as rated by one or more recognized bond rating services.
- 20.06(4) Fixed income holdings which are downgraded by one or more recognized rating services to below a Baa or equivalent rating must be sold within a reasonable period of time not to exceed one year, however, 15% of the market value of fixed income investments may be invested in bonds with a quality rating of below Baa or equivalent.

Barnstable County Retirement System

NOTES TO FINANCIAL STATEMENTS

FOR THE THREE-YEAR PERIOD ENDED DECEMBER 31, 2004

NOTE 1 - THE SYSTEM

The plan is a contributory defined benefit plan covering all **Barnstable County** Retirement System member unit employees deemed eligible by the retirement board, with the exception of school department employees who serve in a teaching capacity. The Teachers' Retirement Board administers the pensions of such school employees.

Instituted in 1937, the System is a member of the Massachusetts Contributory Retirement System and is governed by Chapter 32 of the Massachusetts General Laws. Membership in the plan is mandatory immediately upon the commencement of employment for all permanent, full-time employees.

The system provides for retirement allowance benefits up to a maximum of 80% of a member's highest three-year average annual rate of regular compensation. Benefit payments are based upon a member's age, length of creditable service, level of compensation, and group classification.

Members become vested after ten years of creditable service. A superannuation retirement allowance may be received upon the completion of twenty years of service or upon reaching the age of 55 with ten years of service. Normal retirement for most employees occurs at age 65 (for certain hazardous duty and public safety positions, normal retirement is at age 55).

A retirement allowance consists of two parts: an annuity and a pension. A member's accumulated total deductions and a portion of the interest they generate constitute the annuity. The differential between the total retirement benefit and the annuity is the pension. The average retirement benefit is approximately 75 - 85% pension and 15 - 25% annuity.

Active members contribute either 5, 7, 8, or 9% of their gross regular compensation. Members joining the retirement system after January 1, 1979 must contribute an additional 2% on regular compensation earned at a rate in excess of \$30,000. The percentage rate is keyed to the date upon which an employee's membership commences. These deductions are deposited in the Annuity Savings Fund and earn interest at a rate determined by the Executive Director of PERAC according to statute. When a member's retirement becomes effective, his/her deductions and related interest are transferred to the Annuity Reserve Fund. Any cost-of-living adjustment granted between 1981 and 1997 and any increase in other benefits imposed by state law during that period are borne by the state.

The pension portion of any retirement benefit is paid from the Pension Fund of the System. The governmental unit employing the member must annually appropriate and contribute the amount of current year pension payments as indicated on the most recent funding schedule as approved by PERAC's Actuary. Until recently, retirement systems were paying only the actual retirement

Barnstable County Retirement System

NOTES TO FINANCIAL STATEMENTS (Continued)

FOR THE THREE-YEAR PERIOD ENDED DECEMBER 31, 2004

benefits that were due each year. Systems had no statutory authorization to put aside any money for the future benefits of employees who are now working. Large unfunded liabilities resulted from operating upon this pay-as-you-go basis. In 1977, legislation authorized local governments to appropriate funds to meet future pension obligations.

In 1983, additional legislation was passed requiring the transfer of investment earnings (in excess of the amount credited to member accounts) into the Pension Reserve Fund. These initiatives have significantly reduced the rate of growth of the retirement systems' unfunded liabilities, and in some systems have actually eliminated such liability.

Administrative expenses are funded through investment income of the system.

Members who become permanently and totally disabled for further duty may be eligible to receive a disability retirement allowance. The amount of benefits to be received in such cases is dependent upon several factors including: whether or not the disability is work related, the member's age, years of creditable service, level of compensation, veteran's status, and group classification.

Employees who resign from service and who are not eligible to receive a retirement allowance or are under the age of 55 are entitled to request a refund of their accumulated total deductions. In addition, depending upon the number of years of creditable service, such employees are entitled to receive either zero (0%) percent, fifty (50%) percent, or one hundred (100%) percent of the regular interest which has accrued upon those deductions. Survivor benefits are extended to eligible beneficiaries of members whose death occurs prior to or following retirement.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

The accounting records of the System are maintained on a calendar year basis in accordance with the standards and procedures established by the Executive Director of Public Employee Retirement Administration Commission.

The Annuity Savings Fund is the fund in which members' contributions are deposited. Active members contribute either 5, 7, 8, or 9% of their gross regular compensation. Voluntary contributions, redeposits, and transfers to and from other systems, are also accounted for in this fund. Members' contributions to the fund earn interest at a rate determined by PERAC. Interest for some members who withdraw with less than ten years of service is transferred to the Pension Reserve Fund. Upon retirement, members' contributions and interest are transferred to the Annuity Reserve Fund. Dormant account balances must be transferred to the Pension Reserve Fund after a period of ten years of inactivity.

Barnstable County Retirement System

NOTES TO FINANCIAL STATEMENTS (Continued)

FOR THE THREE-YEAR PERIOD ENDED DECEMBER 31, 2004

The Annuity Reserve Fund is the fund to which a member's account is transferred upon retirement from the Annuity Savings Fund and Special Military Service Credit Fund. The annuity portion of the retirement allowance is paid from this fund. Interest is credited monthly to this fund at the rate of 3% annually on the previous month's balance.

The Special Military Service Credit Fund contains contributions and interest for members while on a military leave for service in the Armed Forces who will receive creditable service for the period of that leave.

The Expense Fund contains amounts transferred from investment income for the purposes of administering the retirement system.

The Pension Fund contains the amounts appropriated by the governmental units as established by PERAC to pay the pension portion of each retirement allowance.

The Pension Reserve Fund contains amounts appropriated by the governmental units for the purposes of funding future retirement benefits. Any profit or loss realized on the sale or maturity of any investment or on the unrealized gain of a market valued investment as of the valuation date is credited to the Pension Reserve Fund. Additionally, any investment income in excess of the amount required to credit interest to the Annuity Savings Fund, Annuity Reserve Fund, and Special Military Service Credit Fund is credited to this Reserve account.

The Investment Income Account is credited with all income derived from interest and dividends of invested funds. At year-end the interest credited to the Annuity Savings Fund, Annuity Reserve Fund, Expense Fund, and Special Military Service Credit Fund is distributed from this account and the remaining balance is transferred to the Pension Reserve Fund.

NOTE 3 - SUPPLEMENTARY MEMBERSHIP REGULATIONS

The **Barnstable County** Retirement System submitted the following supplementary membership regulations, which were approved by PERAC on:

December 27, 1984

1. A part-time permanent, provisional temporary, temporary provisional, seasonal, or intermittent employee who is to be classified in Group A shall be eligible for membership in the retirement system if he has worked for one hundred thirty (130) days or its equivalent within the calendar year. If the annual period of service is less than one hundred thirty (130) days or its equivalent within the calendar year, he/she shall not be eligible for membership.

Barnstable County Retirement System

NOTES TO FINANCIAL STATEMENTS (Continued)

FOR THE THREE-YEAR PERIOD ENDED DECEMBER 31, 2004

NOTE 3 - SUPPLEMENTARY MEMBERSHIP REGULATIONS (Continued)

December 27, 1984 (Continued)

Any other such person who is to be classified in Group B shall become a member in service upon entry into service except that Call Fire Fighters, Reserve Police, and Seasonal Police who are originally employed on or after May 29, 1957 at a regular rate of compensation of less than two hundred (\$200) per year shall not be eligible for membership, except by vote of the Retirement Board. Call Fire Fighters, Reserve Police, and Seasonal Police who are duly involved, as members prior to May 29, 1957 shall continue to be members until such termination of their service. (Repealed January 1, 1995)

2. A part-time permanent, provisional, temporary, temporary provisional, seasonal, or intermittent employee receiving weekly or monthly salaries or wages for prescribed periods of employment shall be given creditable service based on actual service rendered provided that in the case of any such employee whose work is found by the Board to be seasonal in its nature, the Board shall credit as one (1) year of service actual full time service not less than seven (7) months during any one calendar year.
3. A Call Fire Fighter or Reserve Police Officer shall be given one (1) month of creditable service for each year of service, as consistent in section 4(2)b of Chapter 32. (Repealed January 1, 1995)

Note: Additional sentence added to Rule #3 by amendment approved December 13, 1998 is not repealed.

4. The Board voted that beginning April 1967, it would exclude from membership in the retirement system all call fire fighters unless otherwise voted by the Board. (Repealed January 1, 1995)
5. As of July 1, 1977 the Barnstable County Retirement System shall require one (1) year waiting period between the filing of duplicate application by a member/department head for the same type (ordinary or accidental) of disability retirement.
6. As of July 1, 1977, eligibility for membership in the Barnstable County Retirement System for individuals whose employment commences on or after July 1, 1977 shall be based upon regular employment of not less than twenty-five (25) hours per week per calendar year (1300) hours or 25 hours per week per school year (900) hours.

Barnstable County Retirement System

NOTES TO FINANCIAL STATEMENTS (Continued)

FOR THE THREE-YEAR PERIOD ENDED DECEMBER 31, 2004

NOTE 3 -SUPPLEMENTARY MEMBERSHIP REGULATIONS (Continued)

December 27, 1984 (Continued)

7. For any part-time, provisional, temporary, seasonal, intermittent or on-call status of employment rendered by an employee prior to, or during membership service status, who becomes, or was employed in a full-time position, shall at the time of retirement, receive full membership credit for the periods of full time employment and partial, or pro-rata membership service credit for all categories of less than full-time employment, based upon, as far as practicable, the actual number of hours worked by a regular permanent, full-time employee. For the purposes of computing partial or pro-rata membership service, full-time credit shall be considered to be two hundred and sixty-one (261) work days and seven and one-half (7 1/2) hours per day or, nineteen hundred and fifty-seven (1957) hours per annum.

December 13, 1988 (Revision to Board's Rule #3)

"A call firefighter or reserve police officer may be granted full time creditable service for service rendered as a call firefighter or reserve police officer, for that period of time included under the provisions of Chapter 32, Section 4(2)(b) of the General Laws as amended by Chapter 125 of the Acts of 1964, by Chapter 738 of the Acts of 1964 and by Chapter 73 of the Acts of 1965 and, for that period of employment prior to the enactment of the above stated statutory amendments, so long as such combined service does not exceed a maximum of five (5) years of creditable service prior to the commencement of the member's full time employment and provided further, that such service shall be credited only if such call firefighter or reserve police officer is later appointed as a permanent member of the Fire or Police Department in the same governmental unit. It is the intent of the Board that this rule shall have no retrospective or retroactive affect."

October 16, 1990

A full year of creditable service will be granted to school department employees who are employed for a full "school year".

February 6, 1995

Effective January 1, 1995, and upon receipt of satisfactory proof of the number of actual hours worked, eligibility for membership in the Barnstable County Retirement Association for call firefighters and reserve police officers shall be based upon regular employment of not less than 25 hours per week per calendar year (1300) hours.

This rule is approved as submitted with the understanding that call fire fighters and reserve police officers excluded from membership by this rule, may, if subsequently enrolled as members of the retirement system, purchase such prior non-membership service. Approval is further premised on the understanding that this rule will have prospective application only. Call fire fighters and reserve police officers who are currently enrolled as members of the retirement system may not be removed from the membership roles by virtue of this rule.

Barnstable County Retirement System

NOTES TO FINANCIAL STATEMENTS (Continued)

FOR THE THREE-YEAR PERIOD ENDED DECEMBER 31, 2004

NOTE 3 -SUPPLEMENTARY MEMBERSHIP REGULATIONS (Continued)

February 6, 1995 (Continued)

Seasonal employees are excluded from membership in the Barnstable County Retirement Association unless membership has otherwise been established.

This rule is approved as submitted. However, it should be noted that G.L. c.32, s.4 (2)(b) also provides that “in the case of any such employee whose work is found by the board to be seasonal in nature, the board shall credit as the equivalent of one year of service, actual full-time service of not less than seven months during any one calendar year”.

July 27, 1999

Full-time employees who serve as full-time police, fire or emergency medical dispatchers whose job title is Emergency Telecommunications Dispatcher have replaced the job titles of Fire and Police Signal Operators, as listed in G.L. c. 32, § 3(2)(g) Group 2, provided that no member who attains age sixty- five (65) while classified in Group 1 may thereafter be classified in Group 2.

March 1, 2000

As of July 1, 1977 eligibility for membership in the Barnstable County Retirement Association for individuals whose membership commenced on or after July 1, 1977 shall be based upon regular employment of not less than 25 hours per week per calendar year (1300 hours) or 25 hours per week per school year (900 hours) for individuals providing service to any member unit of the Barnstable County Retirement Association.

Employees of member units of the Barnstable County Retirement Association holding part-time permanent positions working not less than 25 hours per week who work the full time required for the position as certified by the Treasurer, Department Head or other authorized entity to determine the hours for each position will be given full creditable service for the services performed in said position. If said part-time employees, however, become full- time employees, the creditable service earned during the member’s part-time employment shall be prorated.

February 4, 2002

The Retirement Board, by establishing this supplemental rule, does not insert the retirement system into the employer/employee relationship. The Retirement Board, by creating this supplemental rule, does not make the determination as to which employees are entitled to the fringe benefit governed by this rule except as provided for in this rule and by statute. The Retirement Board does not assume the responsibility to establish the value of the benefit. The Treasurer, in conjunction with the appropriate employer's representation in connection with IRS regulations, are to establish the value of the regular compensation to be attributed to motor vehicle use for acceptance of the fringe benefit as regular compensation.

Barnstable County Retirement System

NOTES TO FINANCIAL STATEMENTS (Continued)

FOR THE THREE-YEAR PERIOD ENDED DECEMBER 31, 2004

NOTE 3 -SUPPLEMENTARY MEMBERSHIP REGULATIONS (Continued)

Rule:

Non-Exempt Motor Vehicles

A member who is provided a non-exempt motor vehicle for personal use by the employer as a necessary and usual requirement of the member's employment shall be credited annually as additional regular compensation an amount which shall be determined by adopting the taxable value of same as set by the member's employer, and as appearing on the member's W-2 Form. Said regular compensation shall be approved upon payment of appropriate retirement contributions by the member. A member who receives a standard and regularly paid allowance from the employer for use of the member's personal motor vehicle in the course of performing the member's duties, as appearing on the member's W-2 Form, shall be credited annually with additional regular compensation in the amount of said allowance upon payment of appropriate retirement contributions by the member.

Exempt Motor Vehicles

A member who supplies written documentation from the employer satisfactory to the Board establishing that the member has commuting use only of an exempt motor vehicle will receive the value of regular compensation at a rate of \$1.50 per day per one way commute for 249 days a year. Said regular compensation shall be approved upon payment of appropriate retirement contributions by the member.

A member who supplies written documentation from the employer satisfactory to the Board that the member has unlimited personal use of an exempt vehicle will receive the value of regular compensation at a rate equal to the annual lease value of the motor vehicle as set by the Internal Revenue Service. Satisfactory documentation as to the vehicle's fair market value must be provided to the Board. Said regular compensation shall be approved upon payment of appropriate retirement contributions by the member. Varying, sporadic or irregular reimbursement by the employer to a member for use of the member's motor vehicle shall not be considered regular compensation.

Implementation:

The effective date of this supplemental regulation will be the date the Retirement Board votes to adopt said rule, subject to PERAC statutory review and approval.

For members receiving regular compensation for non-exempt motor vehicles and a member who receives regular compensation for an exempt motor vehicle used by the member for commuting use only, it will be the responsibility of the Treasurer to insure that the appropriate deductions are obtained from the employee's wages in order for the employee to have this benefit included as regular compensation. For members receiving regular compensation for an exempt motor vehicle where such member has unlimited personal use of an exempt vehicle, the member will be responsible for providing to the retirement system all of the documentation relied upon by the employer to establish the value of his vehicle use fringe benefit to the satisfaction of the Board. Upon the Board's approval and acceptance of the valuation method, the Board shall calculate the amount of money to be paid by the employee to the retirement system in order to exercise his or her right to have the exempt motor vehicle use constitute regular compensation.

Barnstable County Retirement System

NOTES TO FINANCIAL STATEMENTS (Continued)

FOR THE THREE-YEAR PERIOD ENDED DECEMBER 31, 2004

NOTE 3 -SUPPLEMENTARY MEMBERSHIP REGULATIONS (Continued)

February 4, 2002 (Continued)

The Board shall assess the payment of such benefit on an annual basis; said amount assessed to be paid to the retirement system on a date designated by the Board.

Once a member avails him or herself of this fringe benefit as regular compensation, the member cannot discontinue or alter the benefit unless and until his or her employment contract is altered.

Barnstable County Retirement System

NOTES TO FINANCIAL STATEMENTS (Continued)

FOR THE THREE-YEAR PERIOD ENDED DECEMBER 31, 2004

NOTE 4 - ADMINISTRATION OF THE SYSTEM

The System is administered by a five-person Board of Retirement consisting of the County Treasurer who shall be a member ex officio, a second member appointed by the governing authority, a third and fourth member who shall be elected by the members in or retired from the service of such system, and a fifth member appointed by the other four board members.

Ex officio Member: E. Mark Zielinski

Appointed Member: Mary J. LeClair Term Expires: 1/3/08

Elected Member: C. Randall Sherman Term Expires: 12/31/07

Elected Member: Robert F. Rolanti Term Expires: 1/6/06

Appointed Member: Walfred E. Lundstrom Term Expires: 12/31/05

The Board members are required to meet at least once a month. The Board must keep a record of all of its proceedings. The Board must annually submit to the appropriate authority an estimate of the expenses of administration and cost of operation of the system. The board must annually file a financial statement of condition for the system with the Executive Director of PERAC.

The investment of the system's funds is the responsibility of the Board. All retirement allowances must be approved by the Retirement Board and are then submitted to the PERAC Actuary for verification prior to payment. All expenses incurred by the System must be approved by at least two members of the Board.

The following retirement board members and employees are bonded by an authorized agent representing a company licensed to do business in Massachusetts as follows:

Treasurer - Custodian:)	MACRS policy:
Ex officio Member:)	
Elected Member:)	\$ 1,000,000 Fidelity Bond
Appointed Member:)	\$ 50,000,000 Fiduciary Liability
Staff Employee:)	

Barnstable County Retirement System

NOTES TO FINANCIAL STATEMENTS (Continued)

FOR THE THREE-YEAR PERIOD ENDED DECEMBER 31, 2004

NOTE 5 - ACTUARIAL VALUATION AND ASSUMPTIONS

The most recent actuarial valuation of the System was prepared by **The Segal Company** as of **January 1, 2004**.

The actuarial liability for active members was	\$340,446,734
The actuarial liability for inactive members was	6,634,877
The actuarial liability for retired members was	<u>300,573,800</u>
The total actuarial liability was	647,655,411
System assets as of that date were (actuarial value)	<u>378,317,300</u>
The unfunded actuarial liability was	<u>\$269,338,111</u>
The ratio of system's assets to total actuarial liability was	58.4%
As of that date the total covered employee payroll was	<u>\$190,614,004</u>

The normal cost for employees on that date was 8.37% of payroll

The normal cost for the employer, including estimated administrative expenses, was 5.77% of payroll

The principal actuarial assumptions used in the valuation are as follows:

Investment Return: 8.25% per annum

Rate of Salary Increase: 5.00% per annum

GASB STATEMENT NO. 25, DISCLOSURE INFORMATION AS OF JANUARY 1, 2004

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Cov. Payroll ((b-a)/c)
1/1/2004	\$ 378,317,300	\$ 647,655,411	\$ 269,338,111	58.41%	\$ 190,614,004	141.30%
1/1/2002	\$ 362,911,896	\$ 553,531,966	\$ 190,620,070	65.56%	\$ 173,610,557	109.80%
1/1/2000	\$ 300,396,700	\$ 462,462,500	\$ 162,065,800	64.96%	\$ 152,293,100	106.42%
1/1/1998	\$ 235,247,660	\$ 404,215,695	\$ 168,968,035	58.20%	\$ 121,161,677	139.46%
1/1/1996	\$ 157,044,089	\$ 276,107,221	\$ 119,063,132	56.88%	\$ 108,456,079	109.78%

Barnstable County Retirement System

NOTES TO FINANCIAL STATEMENTS (Continued)

FOR THE THREE-YEAR PERIOD ENDED DECEMBER 31, 2004

NOTE 6 - MEMBERSHIP EXHIBIT

Retirement in Past Years	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Superannuation	91	53	95	83	90	102	95	162	105	112
Ordinary Disability	6	11	2	3	9	3	3	2	7	5
Accidental Disability	8	12	13	8	9	14	16	17	6	11
Total Retirements	105	76	110	94	108	119	114	181	118	128
Total Retirees, Beneficiaries and Survivors	1,694	1,686	1,840	1,860	1,915	1,992	2,039	2,142	2,214	2,171
Total Active Members	3,939	4,222	4,351	4,039	4,706	4,887	4,991	4,982	5,064	5,215
Pension Payments										
Superannuation	\$7,758,382	\$8,291,795	\$9,149,865	\$9,974,313	\$10,931,327	\$12,347,437	\$13,698,471	\$15,476,175	\$18,190,735	\$20,179,934
Survivor/Beneficiary Payments	788,842	737,599	827,338	844,765	877,617	938,767	971,487	1,136,978	1,126,534	1,149,720
Ordinary Disability	353,264	433,385	380,463	412,008	518,397	614,352	696,997	671,232	729,862	788,725
Accidental Disability	2,469,653	2,638,769	3,067,818	3,335,998	3,493,592	3,791,108	4,197,824	4,649,317	4,858,995	5,402,366
Other	562,742	619,498	647,286	690,598	756,261	763,434	944,722	1,076,630	1,142,017	1,264,895
Total Payments for Year	\$11,932,883	\$12,721,046	\$14,072,770	\$15,257,682	\$16,577,194	\$18,455,098	\$20,509,501	\$23,010,332	\$26,048,142	\$28,785,640

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